

**IAESB Proposed IES 7, CPD (Revised)  
Response from ICAS  
5 September 2017**



This response is made on behalf of ICAS; the Institute of Chartered Accountants of Scotland in respect of the proposed International Education Standard 7, Continuing Professional Development (Revised) Exposure Draft.

**Specific Questions**

**1. Is the Objective statement (see paragraph 8) of the proposed IES 7 (see Appendix 1) appropriate and clear?**

Current	Proposed
The objective of an IFAC member body is to have professional accountants develop and maintain their competence subsequent to IPD through the undertaking of CPD that is necessary, in the public interest, to provide high quality services to meet the needs of clients, employers, and other stakeholders.	The objective of this IES is that professional accountants develop and maintain the professional competence necessary, in the public interest, to perform their roles, and to meet the needs of clients, employers, and other stakeholders.

**Comments**

The objective statement is appropriate and clear with the accountability for the professional competence of a professional accountant resting with the individual.

**2. Are the requirements (see paragraphs 9-17) of the proposed IES 7 (see Appendix 1) appropriate and clear?**

Current	Proposed
<p>10. IFAC member bodies shall promote the importance of, and a commitment to, CPD and maintenance of professional competence. Access to CPD (Ref: Para. A6-A9)</p> <p>11. IFAC member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility for CPD and maintenance of professional competence. Mandatory CPD for all Professional Accountants (Ref: Para. A10-A13)</p> <p>12. IFAC member bodies shall require all professional accountants to undertake CPD to contribute to the development and maintenance of professional competence that is appropriate to their work and professional responsibilities.</p> <p>13. IFAC member bodies shall establish their preferred approach to measuring professional accountants' CPD activity from the three models: output-based, input-based, or combination approaches. Output-Based Approach (Ref: Para. A14-A15)</p> <p>14. IFAC member bodies implementing an output-based approach shall require each professional accountant to demonstrate the development and maintenance of appropriate professional competence by periodically providing evidence that has been:</p> <p>(a) Verified by a competent source; and (b) Measured using a valid competence assessment method.</p>	<p>Requirements CPD for All Professional Accountants (Ref: Para. A7-A14)</p> <p>9. IFAC member bodies shall require all professional accountants to undertake and record CPD that develops and maintains professional competence relevant to their role and professional responsibilities. Promotion of and Access to CPD (Ref: Para. A15-A17)</p> <p>10. IFAC member bodies shall promote the importance of, and a commitment to, CPD as well to the as development and maintenance of professional competence.</p> <p>11. IFAC member bodies shall facilitate access to CPD opportunities and resources to assist professional accountants in meeting their personal responsibility for CPD that develops and maintains professional competence. Measurement of CPD (Ref: Para. A18, A25)</p> <p>12. IFAC member bodies shall establish an approach to measurement of professional accountants' CPD, using the output-based approach, input-based approach, or both. Output-Based Approach (Ref: Para. A19-A21)</p> <p>13. IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to their role and professional responsibilities. Input-Based Approach (Ref: Para. A22-A24)</p> <p>14. IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to their role and professional responsibilities. Monitoring and Enforcement of CPD (Ref: Para. A26-A38)</p> <p>15. IFAC member bodies shall specify the nature and extent of verifiable evidence that professional accountants are required to maintain for CPD that has been undertaken.</p> <p>16. IFAC member bodies shall establish a systematic process to (a) monitor whether professional accountants meet the IFAC member body's CPD requirements, and (b) provide appropriate sanctions for failure to meet those requirements.</p> <p>17. IFAC member bodies shall undertake processes for measuring, monitoring, and enforcement of CPD on a regular basis.</p>

Comments

Paragraph 9

Agreed.

Paragraph 10

The proposed paragraph: 'IFAC member bodies shall promote the importance of, and a commitment to, CPD as well to the as development and maintenance of professional competence' is unclear with grammatical errors.

The meaning is also unclear.

More appropriate wording may be considered as:

'IFAC member bodies shall demonstrate a commitment to CPD for professional accountants as it provides for maintaining and developing their professional competence through promoting the value and variety of planned CPD opportunities available'

IFAC member bodies shall communicate the importance of CPD for professional accountants as it provides for maintaining and developing their professional competence through promoting the value and variety of planned CPD opportunities available.

Note: Further comments on Question 3 that relate to A4 guidance.

Paragraph 11

Agreed although we suggest that the last bit of the paragraph is revised to read 'in meeting their personal responsibility to undertake CPD that maintains their professional competence'.

Paragraph 12

Agreed.

Paragraph 13

The current paragraph expresses learning outcomes as more significant than an assurance-based approach that measures and verifies competence. This could be interpreted as a reduction in standards and as such, we would suggest that if the learning outcome was expressed as what the professional accountant had gained from the learning outcome and had applied to maintaining and developing their competence then this could be viewed as more developmental in terms of CPD, providing assurance that a professional accountant is technically and professionally competent for the role they are performing.

Proposed change to: 'IFAC member bodies using an output-based approach shall require professional accountants to demonstrate what had been gained from the achievement of learning outcomes and how these have been applied in developing and maintaining professional competence relevant to their role and professional responsibilities'.

Paragraph 14

An alignment of the minimum requirement for verifiable CPD between both output and input approaches could help strengthen the value of both approaches and assist those who provide both, although we agree that there doesn't need to be a prescribed minimum amount for an output-based approach.

The focus upon learning outcomes for both approaches should be made clearer and, given our comments for paragraph 13, this could ensure consistency between both approaches to ensure how the learning gained and applied because of the activity, is shown to develop and maintain the professional competence relevant to their role and professional responsibilities.

We suggest that for those IFAC member bodies implementing an input-based approach, the requirement for professional accountants to complete a minimum specified amount of CPD (in hours, equivalent learning units, or as relevant professional development activity) should remain.

Proposed change/...next page

‘Proposed change to: ‘IFAC member bodies using an input-based approach shall require each professional accountant to complete a specified amount of learning and development activity that meets at least the following:

- a) Complete 20 hours (or equivalent learning units) of relevant professional development activity in each year or 60 hours in each rolling three-year period;
- b) Measure learning activities as they relate directly to the achievement of learning outcomes.

The professional accountant will be required to demonstrate what had been gained from the achievement of these learning outcomes and how these have been applied in developing and maintaining professional competence relevant to their role and professional responsibilities’.

It is suggested that additional guidance in section A22 could state the minimum number of hours of CPD activity required over a specified period of time.

We suggest reinstating the current paragraph 15 with the following changes, this paragraph having been removed from the exposure draft:

- a) Complete a pre-determined number of hours (or equivalent units) of learning or relevant professional development activity of no less than 20 hours in each year, or 60 hours in each rolling three-year period, of which a portion could be verifiable.
- b) Remove
- c) Retain as ‘Measure learning activities to meet the above requirements’.

Paragraphs 15-17

Agreed.

**3. Are there any additional explanatory paragraphs needed to better explain the requirements of the proposed IES 7 (see Appendix 1)?**

Comments

A4 Remove 'Undertaking CPD does not guarantee that all professional accountants will develop and maintain professional competence necessary to provide high quality professional service. However'.

We suggest reinforcing the personal responsibility of professional accountants towards CPD and the role it plays in developing and maintaining their professional competence by using the following revision:

'All professional accountants have a personal and professional responsibility to develop and maintain their professional competence. CPD plays an important part in strengthening public confidence and trust by enabling professional accountants to develop and maintain professional competence that is relevant to their role'.

Note: With a revised A4 section, there may be an opportunity to further revise our response to Question 2, paragraph 10, to become even more clear i.e.

'IFAC member bodies shall communicate the importance of CPD for professional accountants as it provides for maintaining and developing their professional competence.

IFAC member bodies shall demonstrate a commitment to CPD for professional accountants as it provides for maintaining and developing their professional competence.

A7-A14 Based on our comments, there is a need to review the explanatory notes that supplement the paragraphs of the standard. The guidance could benefit from a diagram that explains the framework as an overview.

A8 and A9, A10 and A11 Whilst an emphasis on the planning and structure of learning activities does help focus the attention for professional accountants on planning their CPD, it would be useful to highlight the relevance of unstructured learning that can be reflected upon both during and after the activity using self-appraisal and reflective learning, which may lead to the revision of learning and development plans accordingly.

This is especially relevant to those members working at a senior level, whose role requires them to be more reactive to the changing environment in which they or their organisation operate.

A11 Could illustrate a broader range of sources for CPD-related insight especially from networking within their own professional member organisation i.e. through their appraisal process, internal mentoring programmes, organisation-led networking events.

A12 Could be expanded for IFAC member bodies to introduce mandatory requirements that could relate to the expectations of specific areas or roles, address public interest, or raise standards of professional competence for their professional organisation i.e. in respect of ethics.

A17 Could indicate that this list is not exhaustive.

**4. Do proposed revisions to the output-based approach requirement (see paragraph 13) and related explanatory material (see paragraphs A19-A21) improve understanding and your ability to apply an output-based measurement approach?**

**If not, what suggestions do you have to improve clarity of the output-based approach?**

Current	Proposed
14. IFAC member bodies using an input-based approach shall require professional accountants to complete a specified amount of learning and development activity relevant to their role and professional responsibilities. Monitoring and Enforcement of CPD (Ref: Para. A26–A38)	13. IFAC member bodies using an output-based approach shall require professional accountants to demonstrate the achievement of learning outcomes relevant to their role and professional responsibilities. Input-Based Approach (Ref: Para. A22-A24)

Comments

The proposed revisions to the objective of this IES does provide a greater level of clarity however this does not fully translate to the paragraph 13 and associated explanatory materials at this time. In the event that the comments we have made to the learning outcomes and how the learning that has been gained can be verified and/or assessed as having been applied, such that professional competence has maintained and developed, then whilst it may not significantly improve our understanding of an output-based approach, it would improve our ability to apply a learning outcome driven approach.

**5. Are there any terms within the proposed IES 7 (see Appendix 1) which require further clarification?**

**If so, please explain the nature of the deficiencies?**

Comments

The term 'professional accountant' may require further clarification and we have included our comments within the General Comments section.

**6. Do you anticipate any impact or implications for your organization, or organizations with which you are familiar, in implementing the requirements included in this proposed IES 7 (see Appendix 1)?**

Comments

In this format, the proposed IES7 could result in a perceived lowering of standards of competence by our members and require us to consider our implementation of a higher standard for our members, with the associated creation of additional explanation and guidance for our members.

**7. What topics or subject areas should implementation guidance cover?**

Comments

As noted within our direct response to paragraph 13, general responses to this consultation and under point 6, implementation guidance should cover how the maintaining and developing of professional competence has been achieved through the gaining and application of learning from planned and unstructured learning activities, such that a level of assurance can be gained that professional competence of professional accountants is being developed.

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**General Comments**

A14 It is welcomed that IFAC member bodies may consider what is relevant for professional accountants in special circumstances. It may improve this further in the event a further point (c) was introduced, that covered those professional accountants for whom their work does not directly require the maintaining or developing of their level of professional competence but wish to continue to maintain their professional designation.

IFAC are encouraged to continue to try to offer clarity on the term, 'professional accountant' and provide guidance to ensure a consistent approach is followed by all IFAC member bodies and the professional accountants for whom IES7 should apply. Individuals working acting for clients and employers are easy to identify as 'professional accountants' but within each IFAC member body, there is likely to be a focus on societal good and many members will continue to support charitable organisations, or move into sectors where maintaining competence has no direct relationship with accountancy. We understand that this term might still be a source of confusion for some bodies.